



SENATE BILL 326: Firefighter Cancer Ins. & WC Program Funding.

2023-2024 General Assembly

Committee:	Senate Finance. If favorable, re-refer to Judiciary. If favorable, re-refer to Rules and Operations of the Senate	Date:	April 4, 2023
Introduced by:	Sens. Johnson, Perry, Barnes	Prepared by:	Trina Griffin
Analysis of:	First Edition		Staff Attorney

OVERVIEW: *Senate Bill 326 would permanently fund the Firefighter Cancer Insurance Program, which is currently a pilot program administered by the Department of Insurance, through a portion of the gross premiums tax on property coverage contracts. It would also cap at \$45 million the maximum amount of retained earnings within the Workers' Compensation Fund, which is also funded from a portion of the gross premiums tax.*

CURRENT LAW:

Gross Premiums Tax. – There is a tax at the rate of 0.74% that applies to the gross premiums on insurance contracts for property coverage. The tax is imposed on 10% of the gross premiums from insurance contracts for automobile physical damage coverage and on 100% of the gross premiums from all other contracts for property coverage.

The proceeds of the tax are distributed as follows:

Volunteer Fire Department Fund	20%
Local Firefighters' Relief Funds	20%
Workers' Compensation Fund	Up to 20% (based on an annual actuarial study)
General Fund	Remainder

Firefighters' Health Benefits Pilot Program. – Section 30.4A of the 2021 Appropriations Act established a pilot program administered by the Department of Insurance to provide supplemental insurance for firefighters diagnosed with cancer. This program is scheduled to expire on June 30, 2023. The proposed House budget¹ would extend the program for two years. To be eligible for benefits under the program, a person must have served in a North Carolina fire department for at least 5 years and received a new diagnosis of cancer on or after January 1, 2022. The benefits include medical costs reimbursement up to \$12,000, a lump sum benefit of \$25,000 for each diagnosis of cancer, and a monthly disability benefit for up to three years.

BILL ANALYSIS: Senate Bill 326 would allocate to the Firefighter Cancer Insurance Program the balance of the "up to 20%" portion of net proceeds that is currently credited to the Workers' Compensation Fund. It would also provide a maximum cap of \$45 million in reserves for the Workers' Compensation Fund.

Under the bill, the proceeds of the gross premiums tax on property coverage contracts would be distributed as follows:

¹ Sec. 30.4 of House Bill 259, 2nd Ed.

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Volunteer Fire Department Fund	20%
Local Firefighters' Relief Funds	20%
Workers' Compensation Fund	Up to 20% ²
Firefighter Cancer Insurance Program	Balance of the 20% not credited to WC Fund
General Fund	Remainder

EFFECTIVE DATE: This bill would become effective when the act becomes law.

² Based on annual actuarial study and a maximum of \$45 million dollars.